

**Testimony on HB 5462**  
**By Warren Suchovsky a private non-industrial forestland owner**  
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The concept of this bill, with some changes, to provide some property tax relief for private non-industrial forestland owners needs to be adopted.

The purpose of a Sustainable Forest Incentive Act is to manage forestland so that it will sustainably produce timber and other amenities meeting today's needs as well as those of future generations.

A number of studies have indicated that owners of large acreages (>100 acres) tend to have longer ownership tenure and are more likely to actively manage their forest resource, which includes harvesting products of the forest. It is also widely recognized that among private non-industrial forestland owners, owning forestland to produce timber as a revenue generating enterprise ranks at least 10<sup>th</sup> or less in their priority of reasons for owning forestland.

Forestland provides many ecological services that benefit society. Some examples are: water quality and quantity; maintain biodiversity values, clean and cool air, carbon sequestration, and wildlife habitat. These have been free services to society and to replace these services by other means would be an expensive tax burden.

A few years ago the Governor's Land Use Panel identified parcelization of farm and forestland as an issue that needed to be addressed. The division of land into smaller ownerships makes it more difficult to manage the land resources. Increasing populations in rural areas bring different values to rural communities, which make using the land in traditional ways challenging. This will probably result in changes to the landscape that will destroy many of the very reasons why people found it desirable to develop the land in the first place.

In the early history of our country and state development of wild land was necessary. However, today the premise that development is a higher and better use of land is probably no longer true. Many communities have found that the additional tax revenues generated by development eventually fall short of the cost of providing service needs of the expanding community. What will be the unintended consequences of increasing parcelization?

Recently the Michigan Department of Treasury testified that they feel a tax incentive program would be too expensive for the state to undertake. Some members of the legislature feel there are more important things on which to spend public dollars. Compared to other upper Great Lakes States, Michigan, over the years, has been derelict in promoting the productive use of its forestland, especially the private non-industrial forestlands. **We must begin to invest public funds in this important resource to meet ecological, economic and social responsibilities now!**

The following are some specific concerns I have with HB 5462.

1. Pg. 2, sec (4), ln. 3-4. Most assessors are not qualified to determine if property is qualified to be productive forestland. However, their inspection of property should be able to determine if a schedule of activities is being reasonably followed. The law might require notification prior to undertaking a practice.
2. Pg. 4, Sec 11, ln. 11-13. While the Department of Treasury will probably know the number of acres of qualified forest property by county, I doubt that they will know how much timber was produced. Furthermore does "produced" mean timber "harvested" or timber "grown"? How do we measure "production" as timber products are bought and sold by volume, weight and the piece and often-different units are used by sellers vs. end purchasers of the raw materials.
3. Pg. 4, Sec. A, ln. 17-18. Reference to registered or certified foresters should be deleted and I would suggest that acceptable plans may be written by a plan writer who is approved by the DNR to prepare a forest management plans. There are many individuals who can write excellent plans, but may not be registered and/or certified.
4. Pg. 5, Sec. (i), ln.1,2,9. I suggest that a qualified property be at least 20 acres capable of producing timber on an ownership of at least 80 acres. A productivity criterion of 50 cu. ft. per acre per year is too high. I would suggest 30 cu. ft., which approximates what natural forests tend to grow annually in much of Michigan and is also consistent with the Commercial Forest Act. 50 cu. ft. would encourage plantations, which may result in some unintended consequences. I recognize that intensive forest management using highly managed plantations as an important strategy in insuring adequate supplies of timber for our mills.
5. Pg. 5, Sec. (ii), ln. 10. "stocked" shall include "established" regeneration.
6. Pg. 5, Sec. (iii), ln. 11. The presence of buildings, e.g. a hunting camp or second home, should not be a deterrent as the harvest of timber is a low priority for ownership, however, the taxable value of improvements should not receive the tax incentive. Property cards maintained by the assessors allocate value on the parcel.
7. Pg. 3, Sec. (9), ln. 22-26. What if the change in use is an involuntary conversion, e.g. government action, forest fire?
8. Pg. 5, Sec (v), ln. 14-17. I don't see where this bill specifies a length of time for the development rights agreement contract unless this is covered in boilerplate language for state development rights agreements. I would suggest a minimum of 20 years up to 100 years in 10-year increments and expiring contracts can be renewed.
9. What happens if property taxation for school operation is phased out in the future?